Message Text

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PAGE 01 BAGHDA 00532 190916Z

15

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SUBJECT: PRESIDENT SADAT'S VISIT TO IRAQ

- 1. PRESIDENT SADAT'S MAY 14-16 VISIT TO BAGHDAD, THE FIRST BY AN EGYPTIAN CHIEF OF STATE IN DECADES, WAS TREATED AS MAJOR POLITICAL EVENT. IT WAS CULMINATION OF YEAR-LONG EFFORT BY BOTH SIDES TO BRING IRAQ BACK INTO ARAB FOLD. WHILE VISIT APPEARS TO HAVE REINFORCED ARAB SOLIDARITY VIS-A-VIS ISRAEL, ALBEIT WITHOUT FULL AGREEMENT ON EITHER BASIC ANALYSIS OR TACTICS, CONCRETE RESULTS OF TRIP WERE ECONOMIC.
- 2. WARM RECEPTION OF SADAT IS VERY MUCH IN KEEPING WITH REGIME'S NEW ARAB POLICY; I.E. POLITICAL AND OTHER DIFFERENCES AMONG ARAB REGIMES MUST BE SUBORDINATED TO BUILDING OF ARAB STRNGTH AND SOLIDARITY. SADAT HAS ENCOURAGED THIS TREND IN IRAQ BY SENDING ASHRAF MARWAN HERE TO BRIEF IRAQIS AFTER EACH NEGOTIATION. MEDIA TREATMENT OF VISIT AND SADAT'S LIMITED OFFICIAL USE

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PAGE 02 BAGHDA 00532 190916Z

PRESS CONFERENCE MADE CLEAR THAT WHILE DIFFERENCES

REMAIN, THE TWO COUNTRIES ARE WORKING TOWARD SAME BASIC GOALS.

3. ON ECONOMIC SIDE, SADAT VISIT DID NOT ADD ANYTHING ESSENTIALLY NEW TO AUGUST 1974 AGREEMENTS, BUT IT SHOWED IRAQ WAS DISPOSED TO TAKE GENEROUS INTERPRETATION TO ITS OBLIGATIONS BY MAKING GRANTS RATHER THAN LOANS FOR ONE MILLION TONS OF CRUDE OIL (VALUED AT 80 MILLION DOLLARS) AND 35 MILLION DOLLARS FOR CONSTRUCTION OF A PART OF PORT SAID TO BE KNOWN AS IRAQI QUARTER. NO MENTION WAS MADE OF THE IMPLEMENTATION OF 1974 AGREEMENT TO SET UP JOINT COMPANIES FOR AUTOMOBILES, TRACTORS AND RAILROAD EQUIPMENT (BAGHDAD 187) BUT AGREEMENT WAS ANNOUNCED TO SET UP A BILATERAL CONSTRUCTION COMPANY WITH CAPITAL OF 10 MILLION DOLLARS TO UNDERTAKE PROJECTS IN GULF AREA.

4. COMMENT: ECONOMIC RELATIONS BETWEEN THE TWO COUNTRIES WHOSE ECONOMIES ARE LARGELY NON-COMPLEMENTARY CAN ONLY BE INTENSIFIED IF. FOR POLITICAL REASONS. THE GOVERNMENTS OF BOTH SIDES MAKE THIS A HIGH PRIORITY POLICY GOAL.SUCH APPEARS TO BE THE CASE AND THE MAJOR STEP WAS MADE IN AGREEMENT OF AUGUST 5, 1974 WHICH COMMITTED IRAQ IN PRIN-CIPLE TO MAKE A MAJOR CONTRIBUTION TO EGYPT'S OIL IMPORT NEEDS AND TO TAKE A LARGER NUMBER OF EGYPTIAN MISR AUTOMOBILES WHILE COMMITTING EGYPT TO ASSIST. IN UN-SPECIFIED WAYS, THE IRAQI DEVELOPMENT PROGRAM AND PLACING BOTH GOVERNMENTS BEHIND THE ULTIMATE CREATION OF A SERIES OF BILATERAL CORPORATIONS TO MANUFACTURE AUTOMOBILES, TRACTORS AND RAILROAD EQUIPMENT. IRAQ IS NOT DESPERATELY IN NEED OF ANY EGYPTIAN RESOURCES. BUT WILL PROFIT FROM THE REOPENING OF THE SUEZ CANAL (ESPECIALLY THROUGH ITS ABILITY TO MOVE GOODS BY TRUCK FROM AQABA) AND COULD PRESUMABLY USE INFUSIONS OF BOTH SKILLED AND UNSKILLED EGYPTIAN MANPOWER. NO MENTION WAS MADE OF RECENT DISCUSSIONS TO SEND 5,000 EGYPTIAN FARMERS TO IRAQ FOR PILOT PROJECT.

5. FURTHER COMMENT BY SEPTEL

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PAGE 03 BAGHDA 00532 190916Z

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